

REPORT ON ORGANIZATION

OF THE

TOKIO MILLENNIUM RE. AG (US BRANCH)

AS OF

MAY 20, 2014

DATE OF REPORT

MAY 20, 2014

EXAMINER

BERNARD LOTT

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Benjamin M. Lawsky
Superintendent

May 20, 2014

Honorable Benjamin M. Lawsky
Superintendent of Financial Services
Albany, New York 12257

Sir:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 31196 dated May 14, 2014 attached hereto, I have made an examination on organization of Tokio Millennium Re. AG (US Branch) as of May 20, 2014, and submit the following report thereon.

Wherever the designation “the Branch” appears herein without qualification, it should be understood to indicate Tokio Millennium Re. AG (US Branch). Additionally, wherever the designations “Home Office” or “TMRAG” appear herein without qualification, they should be understood to indicate Tokio Millennium Re. AG.

Wherever the term “Department” appears herein without qualification, it should be understood to mean the New York Department of Financial Services.

The examination was conducted at the Branch’s attorney offices, located at 787 Seventh Avenue, New York, New York 10019.

1. SCOPE OF EXAMINATION

The examination comprised a complete verification of the receipt of the Branch's surplus funds and the determination of its assets and liabilities. The records examined included a review of the application for the formation and licensing of a United States branch, corporate minutes and inter-company and custodial agreements entered into by the Branch as of the examination date. In addition, an affidavit, appended hereto, was obtained from two officers of the Branch indicating that the transactions noted in this report were lawful and bona fide.

2. MANAGEMENT

As a United States branch of an alien insurer licensed in this state, the Branch is required to operate its business through a United States manager. In that capacity, the Home Office has appointed TMR Management Inc., a wholly-owned subsidiary.

Pursuant to General Counsel Opinion 2005-208, directors and officers of the United States manager are directors and officers of the United States branch. As of the examination date, the U.S. Manager's board of directors was comprised of the following three members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Kiichiro (Ken) Hatakeyama Erlinbach Zurich, Switzerland	Chief Operating Officer, Tokio Millennium Re. AG
Tatsuhiko Hoshina Devonshire, Bermuda	Chief Executive Officer, Tokio Millennium Re. AG
Christopher Taylor Paget, Bermuda	Chief Information Officer, Tokio Millennium Re. AG

As of May 20, 2014, the principal officers of the Branch were as follows:

<u>Name</u>	<u>Title</u>
Tatsuhiko Hoshina	Chief Executive Officer
Thomas Leidell	Secretary

3. CAPITALIZATION AND SUBSCRIPTION

The Branch was capitalized with contributed surplus of \$38,750,000 from its Home Office. The contribution was in the form of United States Treasury Notes with a par value of \$38,750,000.

In order to fulfill the surplus requirements of Section 4103 of the New York Insurance Law, the Branch has placed securities with a par value of \$35,000,000 and a market value of \$35,801,150 in a trust account for the security of all its policyholders, cedents and creditors within the United States. The trustee is The Bank of New York Mellon and the securities are held pursuant to a deed of trust that conforms with the provisions of Section 1315 of the New York Insurance Law.

In order to fulfill the statutory deposit requirements of Section 1320 of the New York Insurance Law, the Branch has placed securities with a par value of \$3,750,000 and a market value of \$3,985,238 in an account in the name of the "Superintendent of Financial Services of the State of New York in Trust for the security of all policyholders of Tokio Millennium Re AG within the United States, its territories and possessions." The custodian is the Bank of New York Mellon and the securities are held pursuant to a custodian agreement that conforms with the provisions of Section 1314 of the New York Insurance Law.

4. BALANCE SHEET

The following shows the assets, liabilities and surplus as regards policyholders of the Branch as determined by this examination as of May 20, 2014:

Assets

Bonds	<u>\$38,750,000</u>
Total admitted assets	<u>\$38,750,000</u>

Liabilities

Total liabilities	\$0
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Capital and Surplus

Gross paid in and contributed surplus	<u>\$38,750,000</u>
Total surplus as regards policyholders	<u>38,750,000</u>
Total liabilities and surplus as regards policyholders	<u>\$38,750,000</u>

5. **AUTHORIZATION POWERS AND MINIMUM CAPITAL REQUIRED**

The Branch is being organized and authorized to transact the kinds of insurance as defined in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Line of Business</u>
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
11	Animal
12	Collision
13	Personal injury liability
14	Property damage
15	Workers' compensation and employers' liability
16	Fidelity and surety
17	Credit
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine
21	Marine protection and indemnity
22	Residual Value
24	Credit unemployment
26	Gap
28	Service contract reimbursement
29	Legal services
30	Involuntary unemployment
31	Salary protection

In addition to the kinds of insurance listed above, the Branch seeks a license to reinsure risks of every kind or description to the extent permitted under Section 4102(c) of the New York Insurance Law. Pursuant to the provisions of Articles 13 and 41 of the New York Insurance Law, in order to be licensed to transact the foregoing kinds of insurance, the Branch shall have an initial surplus to policyholders in the amount of \$35,000,000, including \$3,000,000 of statutory deposits, and shall thereafter maintain a minimum surplus to policyholders in the amount of \$35,000,000.

Pursuant to the provisions of Section 1102(e)(1)(A) of the New York Insurance Law, in order for the superintendent to issue a license to the Branch, it must have the amount of its minimum initial

surplus to policyholders on deposit in either cash or investments qualifying as minimum capital or surplus investments pursuant to Section 1402 of the New York Insurance Law; such investments consist of:

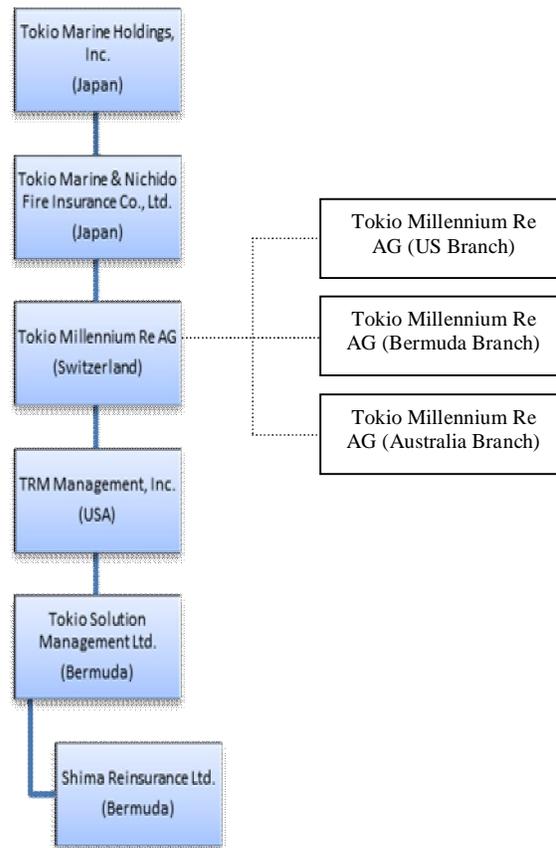
- (1) Obligations of the United States or of any agency thereof provided such agency obligations are guaranteed as to principal and interest by the United States.
- (2) Direct obligations of this state or of any county, district or municipality thereof.
- (3) Direct obligations of any state of the United States.
- (4) Obligations secured by first mortgage loans which meet the standards specified in paragraph four of subsection (a) of section one thousand four hundred four of this article on property located in this state.

The Branch has met these requirements.

6. HOLDING COMPANY SYSTEM

The Branch is a member of the Tokio Marine Holdings, Inc. group of companies. The Branch is a US Branch of Tokio Millennium Re. AG, a Switzerland company, which is ultimately controlled by Tokio Marine Holdings, Inc.

The following is an abridged chart of the holding company system at May 20, 2014:



At May 20, 2014, TMRAG was party to a management agreement with TMR Management, Inc. Effective April 22, 2014, TMR Management, Inc. (“US Manager”), by virtue of a power of attorney, was appointed to act as manager for and provide all administrative services necessary or appropriate with respect to the Branch’s business. This agreement was filed with this Department pursuant to Section 1505 of the New York Insurance Law.

7. CONCLUSION

Based on the foregoing examination, it is concluded that the Branch received a consideration of \$38,750,000, which represents gross paid in and contributed surplus and which exceeds the Branch's required initial contributed surplus of \$35,000,000.

STATE OF NEW YORK,)
) SS.:
COUNTY OF NEW YORK)

The undersigned each an executive officer of TMR Management, Inc. (the "Manager") duly sworn, depose and say under oath that, on the date of May 16th, 2014:

- (1) Each of the undersigned is an officer of the Manager.
- (2) That the Manager is the sole manager of Tokio Millennium Re, AG (U.S. Branch) (the "Company") and that the Company's capital and surplus equals Thirty Nine Million, Seven Hundred Forty Seven Thousand, Six Hundred Fifty Six DOLLARS (\$39,747,656), consisting of contributed surplus of Thirty Nine Million, Seven Hundred Forty Seven Thousand, Six Hundred Fifty Six DOLLARS (\$39,747,656) (the "Capital and Surplus"). The Capital and Surplus is on deposit with The Bank of New York Mellon.
- (3) No part of the Capital and Surplus has been withdrawn, pledged, or in any way impaired.
- (4) No part of the Capital and Surplus is to be invested or otherwise legitimately used or appropriated except for the sole and exclusive use and benefit of the Company.
- (5) There is no agreement or understanding, express or implied, made or existing between the Company and its officers, or any or either of them, or any person or persons, to the effect or import that the money paid in by any stockholder shall be loaned or returned to it.
- (6) Neither the Company nor any of its officers is in any way, manner or form pledged or committed to make any investment, loan or disposition of the Capital and Surplus, or any part or portion thereof, which is not in strict conformity in all respects with the provisions of the Insurance Law of the State of New York.
- (7) The Capital and Surplus is the property of the Company and is possessed by the Company in its corporate name and capacity for the benefit of its policyholders.

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[Signature] 5/17/14
(Signature) (Date)

Corporate Secretary
(title)

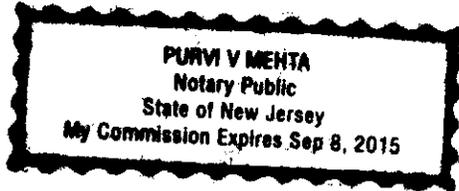
(Signature) (Date)

(title)

Subscribed and sworn to before me
this 17th day of May, 2014
(Signature)

Notary Public Stamp.

Purvi V. Mehta.



[Signature] 16 MAY 2014
(Signature) (Date)

President
(title)

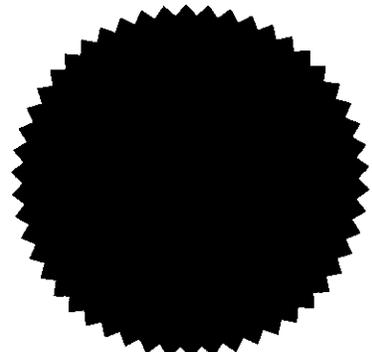
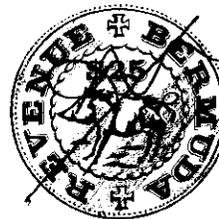
[Signature] [Signature]
(Signature) (Date)

[Signature]
(title)

Subscribed and sworn to before me
this 16th day of MAY, 2014

[Signature]

Notary Public Stamp.



Respectfully submitted,

BERNARD LOTT
Senior Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

BERNARD LOTT, being duly sworn, deposes and says that the foregoing report, subscribed to by him, is true to the best of his knowledge and belief.

BERNARD LOTT

Subscribed and sworn to before me
this _____ day of _____, 2014.